

BEFORE THE DEPUTY INSURANCE COMMISSIONER  
OF THE  
COMMONWEALTH OF PENNSYLVANIA

In Re:	:	Pursuant to Sections 1401, 1402, and
	:	1403 of the Insurance Holding
Application of American Independent	:	Companies Act, Article XIV of the
Insurance Company Requesting	:	Insurance Company Law of 1921, Act of
Exemption from the Requirements of 40	:	May 17, 1921, P.L. 682, <u>as amended</u> , 40
P.S. §991.1402 for the Restructuring of	:	P.S. §§991.1401, 991.1402, and
the Holding Company System that	:	991.1403
includes American Independent	:	
Insurance Company	:	
	:	
	:	Order No. ID-RC-06-22

DECISION AND ORDER

AND NOW, on this 21st day of August, 2006, Stephen J. Johnson, Deputy Insurance Commissioner of the Commonwealth of Pennsylvania (“Deputy Commissioner”), hereby makes the following Decision and Order:

Pursuant to the Insurance Holding Companies Act and in consideration of the documents, presentations, and reports received, as well as other inquiries and studies as permitted by law, the Deputy Commissioner hereby makes the following findings of fact:

FINDINGS OF FACT

Identity of Parties

1. American Independent Insurance Company (“AIIC”) is a stock casualty insurance company organized pursuant to the laws of the Commonwealth of Pennsylvania with its principal place of business located in Conshohocken, Pennsylvania.
2. American Independent Insurance Holding Company, Inc. (“AIIHC”) is a business corporation organized pursuant to the laws of the Commonwealth of Pennsylvania

with its principal place of business located in Conshohocken, Pennsylvania. AIIC is a direct wholly-owned subsidiary of AIIHC.

3. American Independent Companies, Inc. (“AIC”) is a business corporation organized pursuant to the laws of the state of Delaware with its principal place of business located in New York, New York. AIIHC is a direct wholly-owned subsidiary of AIC.
4. James Carl Comis III (“Comis”) is an individual whose principal place of business is located in New York, New York.
5. William McComb Dunwoody (“Dunwoody”) is an individual whose principal place of business is located in New York, New York.
6. Comis and Dunwoody (collectively referred to as “Controlling Parties”) are the only ultimate controlling persons of AIIC.

#### Filing of the Request

7. On July 28, 2006, the Pennsylvania Insurance Department (“Department”) received an initial request (which together with all material received subsequently is collectively referenced as “Request”) from AIIC for approval to effectuate a corporate restructuring of the holding company system that includes AIIC which will result in a change in the immediate parent of AIIC, although the ultimate controlling persons will not change.
8. The Insurance Holding Companies Act, Article XIV of the Insurance Company Law of 1921, Act of May 17, 1921, P.L. 682, as amended, 40 P.S. §§991.1401 et seq. (“Insurance Holding Companies Act”), provides that all changes in control of a domestic insurer must be filed with the Department for approval or disapproval.
9. The Request was filed pursuant to Section 1402 of the Insurance Holding Companies Act.
10. Section 1402(g) of the Insurance Holding Companies Act provides for the exemption from the requirements of Section 1402(b) if the transaction:
  - a) does not have the effect of changing or influencing the control of a domestic insurer, or
  - b) is otherwise not comprehended within the purposes of the section.

#### The Transaction

11. As described in the Request, AIIHC will merge with and into AIC.

12. As described in the Request, all of the outstanding shares of capital stock of AIIHC will be extinguished.
13. As described in the Request, AIIC will become a direct wholly-owned subsidiary of AIC.
14. As described in the Request, Controlling Parties would remain the only ultimate controlling persons of AIIC following the transaction.
15. The Deputy Commissioner finds that the transaction described in the Request does not have the effect of changing or influencing the control of a domestic insurer.
16. If any of the above Findings of Fact are determined to be Conclusions of Law, they shall be incorporated in the Conclusions of Law as if fully set forth therein.

#### CONCLUSIONS OF LAW

1. Under Section 1402 of the Insurance Holding Companies Act, the Department has jurisdiction to review and approve the acquisition of controlling securities of a domestic insurer if, after consummation thereof, the acquiring person would be in control of the domestic insurer.
2. The Request was properly filed pursuant to and in accordance with Section 1402(g) of the Insurance Holding Companies Act.
3. The restructuring of the holding company system proposed in the Request is not being contemplated to change or influence the ultimate control of AIIC, and, therefore, is exempt from the requirements of Section 1402(b) of the Insurance Holding Companies Act.
4. If any of the above Conclusions of Law are determined to be Findings of Fact, they shall be incorporated in the Findings of Fact as if fully set forth therein.

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ORDER

Upon consideration of the foregoing, the Deputy Insurance Commissioner of the Commonwealth of Pennsylvania, hereby makes the following Order:

An approving determination for the request for exemption from the requirements of 40 P.S. §991.1402(b) for the restructuring of the holding company system containing American Independent Insurance Company, as set forth in the Request, is hereby granted.

This Order is effective immediately and valid for one year from the date of signature, provided there are no significant changes from the Request.

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STEPHEN J. JOHNSON  
Deputy Insurance Commissioner  
Office of Corporate and Financial Regulation